

Message Text

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SUBJECT: MAJOR PROJECTS: CALL ON PUBLIC WORKS MINISTER

REF: A) ATHENS 9545

B) ATHENS 1447

1. IN THE COURSE OF A FEBRUARY 23 CALL ON PUBLIC WORKS MINISTER STRATOS, ECON/COMM COUNSELOR EXPRESSED US INTEREST IN A NUMBER OF PENDING MAJOR PROJECTS INVOLVING PUBLIC TENDERS, INCLUDING THE ATHENS WASTE WATER DISPOSAL STUDY, THE IBRD- FINANCED SERRES PLAIN IRRIGATION SYSTEM, THE MORNOS WATER PROJECT, AND THE AXIOS BASIN INTERNATIONAL "EURLPORT". COUNSELOR EMPHASIZED USG DESIRE TO BE AS HELPFUL AS POSSIBLE IN ENCOURAGING TRANSFER OF TECHNOLOGY IN SUPPORT OF GREEK DEVELOPMENT PROGRAMS, PARTICULARLY IN AREAS SUCH AS THESE, WHERE THE EXPERTISE OF LEADING US FIRMS WAS RECOGNIZED AND WHERE SUCH FIRMS HAD IN FACT EXPRESSED INTEREST IN GREEK PROJECTS. IN THIS CONNECTION, HE DESCRIBED RE-NEWED INTEREST OF EXPORT-IMPORT BANK IN EXPANDING FINANCING ACTIVITIES IN GREECE, AS MANIFESTED BY THE TALKS HELD HERE LASY TEAR BY CHAIRMAN CASEY AND EXECUTIVE VICE PRESIDENT TUTINO AND INDICATED THE POSSIBILITIES OF EXIMBANK FINANCING FOR THESE AND OTHER PROJECTS IF US FIRMS ARE INVOLVED. STRATOS SEEMED PARTICULARLY INTERESTED IN THE FINANCING QUESTION, AND NOTED THAT THIS WAS AN IMPORTANT FACTOR TO BE TAKEN INTO CONSIDERATION.

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2. ATHENS WASTE WATER DISPOSAL STUDY. BASED ON RECENT

EMBASSY DISCUSSIONS WITH US REPRESENTATIVES, COUNSLOR EMPHASIZED THE IMPORTANCE OF THE PROPOSED OVERALL WORK-PLAN AND TECHNICAL QUALIFICATIONS OF THE CONTRACTOR EVENTUALLY TO BE SELECTED. HE NOTED THAT EXPERIENCE IN OTHER PUBLIC TENDERS HAS SHOWN THAT THE LOWEST BID SOMETIMES OMITTS HIDDEN COSTS WHICH CROP UP LATER. HE ADDED THAT THE PRICE DATE SUBMITTED BY THE US BIDDERS HAD BECOME INFLATED IN DRACHMA TEMS BY ROUGHLY 18 PERCENT BECAUSE OF THE DOLLAR'S RECENT APPRECIATION AGAINST THE DRACHMA, AND THAT THE AMERICAN BIDDERS CONSIDER THESE PROPOSALS TO BE A BASIS FOR NEGOTIATION WITH THE GOG AND NOT REPEAT NOT FINAL FIXED PRICES. STRATOS EXPRESSED APPRECIATION FOR THIS CLARIFICATION AND HE ASSERTED THAT THE SELECTION, WHICH WILL BE MADE IN THE NEXT FEW DAYS, WOULD BE MADE PRIMARILY ON TECHNICAL SPECIFICATIONS; HE EMPHASIZED THAT THE QUALITY OF THE GREEK PARTNERS INVOLVED WITH THE FOREIGN COMPANY WOULD ALSO BE AN IMPORTANT FACTOR IN THE DECISION. (KEY MEMBERS OF THE SELECTION COMMITTEE FROM THE MINISTRIES OF SOCIAL SERVICES AND PUBLIC WORKS LAST WEEK ALSO ASSURED THE ASSISTANT COMMERCIAL ATTACHE THAT TEHCNICAL QUALIFICATIONS RATHER THAN PRICE WOULD BE THE MAJOR CONSIDERATION. THESE OFFICIALS ALSO NOTED THAT WATSON OF THE U.K. HAS SUBMITTED THE LOWEST BID, REPORTEDLY 42 MILLION DRACHMAS, FOLLOWED BY MAMES MONTGOMERY AT 43 MILLION, METCALF AND EDDY 51 MILLION, AND ENGINEERING SCIENCES 53 MILLION. CAMP, DRESSER, MCKEE HAS REPORTEDLY REFUSED PERMISSION TO OPEN ITS ECONOMIC PROPOSAL ENVELOPE AND IS EFFECTIVELY OUT OF THE RUNNING, BUT HAS NOT ADVISED US TO THIS EFFECT.)

3. OTHER PROJECTS. STRATOS CONFIRMED OTHER SOURCES (SEE REF B) THAT SERIOUS WORK ON THE AXIOS BASIN PROJECT WAS QUITE A WAY INTO THE FUGURE, BUT ADDED THAT US ASSISTANCE WOULD BE WELCOME AND US FIRMS WOULD BE SERIOUSLY CONSIDERED. ON MORNOS, THE ONLY SEQMENT REMAINING TO BE CONTRACTED IS FOR ROAD CONSTRUCTION, WHICH STRATOS EXPECTED WOULD GO TO LOCAL CONTRACTORS. ON THE SERRES PLAIN SYSTEM, HE WAS AWARE OF US COMPETITIVNESS IN IRRIGATION AND PUMPING STATION EQUIPMENT AND ASSUMED THAT US FIRMS MEETING THE MARCH 30 BID DEADLINE WOULD LIMITED OFFICIAL USE

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BE VERY MUCH IN THE RUNNING FOR THIS AWARD. IN GENERAL, THE MINISTRY WILL CONTINUE TO COOPERATE WITH THE EMBASSY IN MAKING INFORMATION ON PUBLIC TENDERS AVAIL-ABLE IN A TIMELY MANNER TO ASSURE THAT QUALIFIED US FIRMS ARE ALERTED TO OPPORTUNITIES.
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